

ORIGINAL



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MEMORANDUM

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TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

2011 SEP -6 P 1:28

AZ CORP COMMISSION
DOCKET CONTROL

Date: September 6, 2011

RE: STAFF REPORT FOR THE APPLICATION FOR APPROVAL OF SALE OF
ASSETS AND CANCELLATION OF CERTIFICATE OF CONVENIENCE
AND NECESSITY OF ELFRIDA DOMESTIC WATER USERS
ASSOCIATION TO ELFRIDA WATER IMPROVEMENT DISTRICT
DOCKET NO: W-01351A-11-0089

Attached is the Staff Report for the transfer of Elfrida Domestic Water Users Association
to Elfrida Water Improvement District. Staff recommends approval.

SMO:KMS:red

Originator: Kiana M. Sears

Attachment: Original and 13 Copies

Arizona Corporation Commission
DOCKETED

SEP 6 2011

DOCKETED BY *[Signature]*

Service List for: Elfrida Domestic Water Users Association
Docket No. W-01351A-11-0089

Mr. Michael J. Coyle
Elfrida Domestic Water Users Association
PO Box 356
10394 "C" Highway 191
Elfrida, Arizona 86434

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice Alward
Chief Legal Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

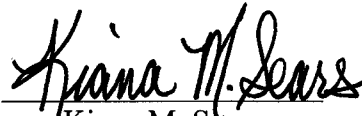
ELFRIDA DOMESTIC WATER USERS ASSOCIATION
DOCKET NO. W-01351A-11-0089

APPROVAL OF SALE AND CANCELLATION OF CERTIFICATE OF
CONVENIENCE AND NECESSITY OF ELFRIDA DOMESTIC WATER USERS
ASSOCIATION TO ELFRIDA WATER IMPROVEMENT DISTRICT

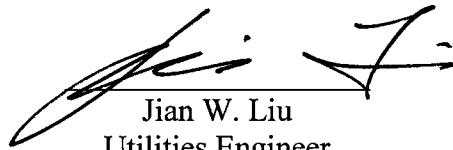
SEPTEMBER 6, 2011

STAFF ACKNOWLEDGMENT

The Staff Report for Elfrida Domestic Water Users Association, Docket No. W-01351A-11-0089 was prepared by the Staff members shown below.

A handwritten signature in black ink, appearing to read "Kiana M. Sears".

Kiana M. Sears
Executive Consultant I

A handwritten signature in black ink, appearing to read "Jian W. Liu".

Jian W. Liu
Utilities Engineer

EXECUTIVE SUMMARY
ELFRIDA DOMESTIC WATER USERS ASSOCIATION
DOCKET NO. W-01351A-11-0089

On February 25, 2011, Elfrida Domestic Water Users Association ("Elfrida" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for approval to sell and transfer the ownership of the assets from Elfrida to Elfrida Water Improvement District ("District") and to cancel the Certificate of Convenience and Necessity ("CC&N") of Elfrida.

Elfrida is an Arizona non-profit corporation providing water service to approximately 228 customers in Bisbee, Arizona. The boundaries of the Company are the perimeter of Thompson Road, Martineau Road, Bell Road and White Water School Road. This area includes the central part of the unincorporated community of Elfrida along State Highway 191.

The operators of the water system for the Company will be the operators of the District and are listed as the five members of the Board of Directors for the District. The current rates charged by the Company will also be the rates charged by the District. This change will have minimal impact to customers, if any at all.

Staff recommends Commission approval of the sale and transfer of the assets of Elfrida to the District and cancellation of the Company's CC&N.

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INTRODUCTION

On February 25, 2011, Elfrida Domestic Water Users Association ("Elfrida" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for approval to sell and transfer the ownership of the assets from Elfrida to Elfrida Water Improvement District ("District") and to cancel the Certificate of Convenience and Necessity ("CC&N") of Elfrida. If the application for approval to sell and transfer Elfrida's assets and property to the District is approved, the District will assume all of the Company's debt and will continue to provide service to all the Company's customers.

BACKGROUND

Elfrida is an Arizona non-profit corporation providing water service to approximately 228 customers in Bisbee, Arizona. The boundaries of the Company are the perimeter of Thompson Road, Martineau Road, Bell Road and White Water School Road. This area includes the central part of the unincorporated community of Elfrida along State Highway 191. The residents and customers of Elfrida petitioned to form the District. On November 30, 2010, a hearing was held by the Cochise County Board of Supervisors to form the District. The motion to create the District was passed, approved, and adopted.

COMPANY WATER SYSTEM

The Company has two wells, three pressure tanks, two storage tanks and a distribution system serving 228 metered connections. Staff concludes that Elfrida has adequate production and storage capacity to serve the existing customer base and could accommodate growth.

OPERATION AND RATES

The operators of the water system for the Company will be the operators of the District and are the members of the Board of Directors for the District. The rates charged by the Company will also be the rates charged by the District. This change will have minimal impact to customers, if any at all.

COMPLIANCE

The Arizona Department of Environmental Quality ("ADEQ") regulates Elfrida's water system under System I.D. No. 02017. ADEQ has determined that this system is in full compliance with ADEQ requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. Arizona Department of Water Resources, ("ADWR") also regulates Elfrida's water system, under Water System I.D. No. 60-20309800000; 91-000038.0000. As of the 5/1/2011 report completion date, ADWR has determined that this system is currently compliant with departmental requirements governing water providers and or community water systems. A check of the Utilities Division Compliance Database showed no delinquent compliance items for the Company.


RECOMMENDATION

Staff recommends the Commission approve the sale and transfer of the assets of Elfrida Domestic Water User's Association to Elfrida Water Improvement District and cancellation of the Company's CC&N.

MEMORANDUM

DATE: August 16, 2011

TO: Kiana Sears
Executive Consultant I

FROM: Jian W. Liu 
Utilities Engineer

RE: In the matter of the application of Elfrida Domestic Water Users Association for
Approval to Transfer Assets and cancel their Certificate of Convenience and
Necessity
Docket No. W-01351A-11-0089

Introduction

On February 25, 2011, Elfrida Domestic Water Users Association ("EDWUA" or "Company") filed an Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval to sale its water system assets and cancel its Certificate of Convenience and Necessity ("CC&N"). EDWUA holds a CC&N to provide water service to 228 customers (December 2010) in Cochise County, Arizona.

Buyer Background and Reasons Given in Support of the Proposed Transfer

On November 30, 2010, Cochise County Board of Supervisors approved to form ELFRIDA DOMESTIC WATER IMPROVEMENT DISTRICT ("EDWID"). EDWUA has voted to transfer all assets at no cost to the EDWID effective February 15, 2011.

According to information provided by the Company the EDWID will provide a permanent economical and a publicly responsive successor in interest to the current domestic water provider. EDWID will promote public convenience, necessity or welfare, and the costs will be reduced.

EDWUA Water System

The system consists of two wells, three pressure tanks, two storage tanks and a distribution system serving approximately 228 metered customers. Staff concludes that the EDWUA water system has adequate production and storage capacity to serve the existing customer base and reasonable growth.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ regulates the EDWUA Water system under ADEQ Public Water System I.D. No. 02-017. ADEQ has determined that this system has no deficiencies and is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. (ADEQ Compliance Status Report dated May 20, 2011).

Arizona Department of Water Resources ("ADWR") Compliance

EDWUA is not located in any ADWR Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements. Staff received an ADWR compliance status report dated May 5, 2011. ADWR reported that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.

ACC Compliance

A check of the Commission Utilities Division Compliance Section database indicated there are no delinquent compliance items for EDWUA. (ACC Compliance Section Email dated August 11, 2011)

Summary

Conclusions

1. ADEQ regulates the EDWUA Water system under ADEQ Public Water System I.D. No. 02-017. ADEQ has determined that this system has no deficiencies and is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. (ADEQ Compliance Status Report dated May 20, 2011).
2. EDWUA is not located in any ADWR Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements. Staff received an ADWR compliance status report dated May 5, 2011. ADWR reported that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.
3. A check of the Commission Utilities Division Compliance Section database indicated there are no delinquent compliance items for EDWUA. (ACC Compliance Section Email dated August 11, 2011).
4. Staff concludes that the EDWUA water system has adequate production and storage capacity to serve the existing customer base and reasonable growth.

MEMORANDUM

TO: Kiana Sears
Executive Consultant I
Utilities Division

FROM: Lori H. Miller *LH Miller*
Programs & Projects Specialist II
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: March 9, 2011

RE: **ELFRIDA DOMESTIC WATER USER'S ASSOCIATION (DOCKET NO. W-01351A-11-0089)**

Elfrida has filed an application to cancel its CC&N. Service will be provided by the Elfrida Water Improvement District.

Attached is a copy of the map and the amended legal description for your files.

/lhm

Attachment

cc: Mr. Michael J. Coyle, Jr.
Ms. Deb Person (Hand Carried)
Mr. Jian Liu
File

RANGE 26 East

TOWNSHIP 20 South

W-01351A (1)
Elfrida Water User's Association

Elfrida Water User's Association
Docket No. W-01351A-11-0089
Application to Cancel (to Elfrida
Water Improvement District)

